

currency and the abolition of notes under £5. Cattle dealers in the country markets, he pointed out, often purchased two or three hundred beasts, reaching an aggregate value of several hundred pounds, but they purchased them by the single animal, at a price ranging from £2 to £4, from the farmers who brought them to market. It would be necessary, if £5 notes were abolished, for them to come to market loaded with gold and silver, and the difficulty of obtaining it from the banks would be increased by the fact that the banks derived no profit from its circulation. Grain was bought up, it was pointed out, in much the same manner and the herring fisheries, which often amounted at Loughne alone to the value of £40,000 in a single season, were brought in by a thousand boats, whose catch for a night was generally under £5. "If small notes are superseded, and gold substituted," continued the letter, "it is not easy to see how the supply of gold is to be kept up to carry on the business and transactions of this country. Should a quantity of it be received into the circulation, it would not remain long, but find its way into the banks, who will not again give it out in bills as they do their notes, and it will immediately become a scarce article in the country. A person, then, having to pay in small sums, will on every such occasion be obliged to send his large notes to the bank that issued them, perhaps a hundred miles off, to receive gold and silver in their place, to answer his purpose." The evidence was so overwhelming of the value of the small note system that even Sir Robert Peel and the extreme advocates of the currency principle were convinced of the serious injury which its abolition would do in Scotland and both the committees of the Lords and the Commons recommended the postponement of the measure.

IV. The fourth advantage of the Scotch currency system, that it has brought into active use the available savings and capital of the country, is due to the system of allowing interest on deposits. This is hardly practicable except under freedom of note issues, because no other system would afford the banks sufficient profit to pay a rate of interest attractive